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COMMUNICATION

FROM THE

AUDITOR GENERAL AND STATE TREASURER,

RELATIVE TO THE DEPOSITS IN

THE UNITED STATES BANK.

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communication from the Auditor General and State Treasurer, relative to the nature and character of the unavailable deposit in the U. S. Bank.

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READ—MARCH 20, 1852.
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ACCOUNTANT DEPARTMENT, }
Harrisburg, March 20, 1852. }

On. JOHN S. RHEY,

Speaker of the House of Representatives:

SIR:—Agreeably to a resolution of the House, passed the 6th inst., which reads follows:

“Resolved, That the Auditor General and State Treasurer be requested to communicate to this House, with as little delay as practicable, all the information in possession of their departments as to the nature and character of the unavailable deposit in the United States Bank, of two hundred and eighty thousand dollars, when the same was placed there and for what purpose; also, information as to the nature and character of the uncurrent funds, amounting to sixty-nine thousand nine hundred and seventy-nine dollars and eighty-seven cents, reported in the annual account of the Canal Commissioners settled for the past year and stated to be in the Berks County Bank, under what circumstances the said funds were placed there; also, information as to depreciated funds in the State Treasury amounting to the sum of forty-one thousand and thirty-two dollars, showing what Banks these funds are on and the amount of each, what portion thereof is genuine and what counterfeit; also, information as to the depreciated moneys deposited in the State Treasury by county treasurers and others, for which they claim a credit, showing the name of each person, the amount deposited by him and the character of the funds; and further, that they be requested to suggest what legislation, if any, they deem necessary and proper to clear the Treasury and the annual reports of these encumbrances.”

We have the honor respectfully to report:

That the two hundred and eighty thousand dollars of unavailable funds remaining in the Bank of the United States, was a special deposit made in said bank in the month of August, 1841, by the Secretary of the Commonwealth, through the agency of the Girard Bank, agreeably to the provisions of the 4th section of an act of 11th June, 1840. (Pamphlet Laws, page 647).

The uncurrent funds remaining in the Berks County Bank, as reported in the annual account of the Canal Commissioners, amounting to sixty-nine thousand nine hundred and seventy-nine dollars and eighty-seven cents, is a balance of a loan of two hundred thousand dollars, taken by said bank agreeably to the provisions of the act of 19th July, 1839, and placed to the credit of the Commonwealth on the books of that institution. A correspondence between the State Treasurer and the President of said bank, as well as a communication from the President of the Board of Canal Commissioners to the House of Representatives, in answer to a resolution of 22d March, 1841, may be found in second vol. House Journal of 1841, pages 478 to 480, and from 504 to 506.

In reply to that part of the resolution relating to the depreciated funds in the State Treasury, amounting to the sum of forty-one thousand and thirty-two dollars, the

State Treasurer alone can only say, that two packages said to contain this sum, was handed over to him on assuming the duties of the office by his predecessor, as a part of the balance in the Treasury at that time. This sum is said to be made up of over issues by the Berks County Bank, of notes authorized by the Act of Assembly of the 4th of May, 1841, which have been received at the Treasury under the provisions of the act of 29th January, 1845, to the amount of - - \$26,864 00

Over issues by the Towanda Bank, which is said to have been credited under various acts of Assembly, to the amount of - - 9,503 00

Notes of the Bank of Lewistown - - - 1,430 00

Other depreciated notes to the amount of - - - 3,235 00

Amounting together to - - - \$41,032 00

Of this latter sum, eighty dollars are in notes purporting to have been issued by the Bank of the United States, and if genuine may be sold at a discount of some thirteen per cent. Would it not, therefore, be well to authorize a sale of these depreciated notes, and direct a settlement with the accountant department for the discount?

The act of Assembly making provisions for the receipt at the State Treasury of the over issues of the Berks County Bank, makes provision for the redemption of \$28,501; of this sum \$26,946 has been redeemed, leaving a balance outstanding of \$1,555.

The law on this subject directs that these over issues received at the State Treasury, shall be retained "until the residue of said over issues shall have been redeemed." Would it not be better to cancel and burn *all* the "over issues" received at once, and the "residue" monthly, as redeemed?

In addition to the foregoing, there is on special deposit in the State Treasury, deposited by county treasurers and others, the sum of one thousand and fifty-nine dollars, to wit:

1846—	Deposited by M. Stephens, treasurer of Montgomery county, To-	
	wanda, 4th May issues - - -	\$51 00
1847	" Wm. R. M'Cay, Collector, Bank of Lewistown - -	10 00
"	" Geo. S. Hacket, treasurer of Perry county, Bank of	
	Lewistown - - -	75 00
"	" Benj. Bonsal, treasurer of Juniata county, Bank of	
	Lewistown - - -	225 00
"	" John G. Lowrey, treasurer of Centre county, Bank	
	of Lewistown - - -	195 00
1848,	" J. C. Zeigler, treasurer of Mifflin county, Bank of	
	Lewistown - - -	180 00
"	" J. W. Wright, treasurer of Clearfield county, Bank	
	of Lewistown - - -	155 00
"	" John Nill, Collector, Harrisburg, Bank of Lewis-	
	town - - -	20 00
"	" J. M. Belford, treasurer of Juniata county, Bank	
	of Lewistown - - -	10 00
1849,	" A. Hine, treasurer of Wyoming county, Bank of	
	Susquehanna County - - -	130 00
1850,	" J. R. Manderfield, Collector, Bank of Lewistown -	5 00
		\$1,059 00

This amount is assumed by the depositors to have been received by them for taxes and tolls due the Commonwealth, while the notes received were in full credit; and they respectively ask credit accordingly on the books of this department. The evidence of the fact as stated, is principally upon the affidavit of the depositor, and it will remain with the Legislature to determine whether it would not be justice to the depositors to allow the credit asked.

May it not be a subject worthy of inquiry, whether it would not be well to provide some general principle by which the State Treasurer may be authorized to dispose of the depreciated funds which are, and may occasionally come into the State Treasury? As the matter now stands the State Treasurers have not felt authorized to dispose of them for a less sum than their *par value*; hence the accumulation.

All of which is respectfully submitted,

EPHRAIM BANKS,
Auditor General.
JNO. M. BICKEL,
State Treasurer.

NOTE.—The facts upon which the foregoing answer is founded, not all being in either the Auditor General's or State Treasurer's departments, the said answer is made partly joint and partly separate, as will appear by the reading, although signed jointly.

Documents referred to in the foregoing.

SECTION 4. The Secretary of the Commonwealth is hereby authorized and directed to take and receive from the Girard bank, the sum of fifty thousand dollars, part of the loan of three hundred and eighty thousand dollars authorized by the act of ninth of February, Anno Domini, one thousand eight hundred and thirty-nine, to repay the money borrowed by the late Executive of this Commonwealth, for the repairing of the breaches in the Juniata division of the Pennsylvania canal, between Huntingdon and Hollidaysburg, and defraying the balance of the expenses incurred in repairing the said breach, and out of, and with the said fifty thousand dollars, cause to be disbursed and paid out by and through the agency of the collector of the port of Huntingdon, on said canal, the debts and moneys yet due and owing to individuals on account of the repairing of said breach; and the Secretary of the Commonwealth is hereby further authorized and directed to take and receive from said Girard bank the further sum of two hundred and eighty thousand dollars, part of said loan, and deposit the same in the Bank of the United States, if the said Bank of the United States will agree to accept the same on deposit, and stop the further payment of interest from the time of deposit on that amount (two hundred and eighty thousand dollars) of its loans to the late Executive of this Commonwealth, or on so much thereof as the same may be; and after payment as aforesaid, of said debts due to individuals (if any balance should remain), deposit any such balance in like manner, and on like terms and conditions: *Provided*, That nothing in this act contained, shall be construed to preclude an examination into the validity of the expenditure of said money, as fully as though the deposit authorized had not been used by said Bank of the United States—*Act of 11th June, 1840, p. l. p. 647.*

No. 127.

Communication from the State Treasurer, accompanied with a Correspondence of the Berks County Bank, in relation to the balance in that Institution in favor of the State.

READ—MARCH 12, 1841.

TREASURY OFFICE OF PENNSYLVANIA, }
Harrisburg, March 12, 1841. }

Hon. WM. A. CRABB,

Speaker of the House of Representatives:

SIR:—In obedience to a resolution of the House, adopted this day, requesting the

State Treasurer "to communicate to the House, the state of the account of this State against the Berks County Bank, and any correspondence he has had with said bank on the subject of said account," I respectfully reply, that the amount remaining in the Berks County Bank, to the credit of the treasurer of the Board of Canal Commissioners, as shown by the books of this department, is \$74,629 77. This amount was transferred to me as Treasurer of the Board, by my predecessor, as constituting part of \$107,483 91 remaining in the Canal Treasury when I came into office. Sometime since, I addressed a letter to the President of the Berks County Bank, requesting information as to the probable time when the bank would be able to meet the amount due the Commonwealth, or any part thereof, to which I received an answer, a copy of which, marked A, is herewith transmitted.

Very respectfully,

I have the honor to be,

Your obedient servant,

JOHN GILMORE,

State Treasurer.

[A.]

HARRISBURG, *March 5, A. D., 1841.*

JOHN GILMORE, Esq.,

State Treasurer :

DEAR SIR:—You stated in your letter to me, that the State has in deposit in the Berks County Bank the amount of \$74,629 77. I saw you at your office yesterday, and explained to you that the actual balance due from the said bank to the State, is only \$14,629 77; but before we parted you requested me to give you a statement in writing of the situation of the accounts and transactions between the Board of Canal Commissioners and the said bank.

The said \$74,629 77 was on the books of said bank, placed to the credit of the Treasurer of the Board of Canal Commissioners. Afterwards the said bank became embarrassed in its circumstances, and the whole or the larger part of said money was in danger of being lost to the State; and the Board of Canal Commissioners believing that the interests of the State required that said amount, or as much of it as possible, should be secured to the State, entered into a written contract with Davis H. Dotterer & Co., by which said Dotterer & Co. agreed to make and deliver, for the use of the State, eight locomotive engines for \$7,500 each, amounting together to \$60,000, and for payment of said amount they were to look to the Berks County Bank. Said contracts of the Canal Commissioners, with D. H. Dotterer & Co., were placed in the possession of the said bank; and in consequence of said contracts and agreement, and by virtue of a resolution of the Board of Directors of said Bank, the said sum of \$60,000 was charged to the account of the Board of Canal Commissioners, and placed to the credit of D. H. Dotterer & Co., and the same has been paid to said D. H. Dotterer & Co., as follows: The sum of \$11,877, part of said \$60,000, was paid to said firm in cash by said bank on the order of O. F. Johnson, Esq., who acted for and in behalf of the said Board of Canal Commissioners, and the balance of said \$60,000 has been paid to them by checks drawn on said bank, and by transferring to them notes and securities which the bank held against different individuals, with the exception of a few thousand dollars which still remain on deposit to the credit of said Dotterer & Co. Messrs. Dotterer & Co. immediately proceeded to the fulfilment of the said contract on their part, and I understand they are now busily engaged in preparing engine for the State. It is due to the present Board of Directors to state, that said contracts and arrangements had been fully made and carried into effect before the said bank came into their hands, and that they never would have consented to take the bank into their hands if they had not understood that the said sum of \$60,000 had been arranged with the State through its agents, the Canal Commissioners; and the

strong probability is, that if the Canal Commissioners had not entered into said arrangement with Dotterer & Co., the said bank could not have been revived, and the whole, or the larger part of said money would have been lost to the State. The present Board of Directors is actively engaged in restoring the credit of said bank, and so soon as they are able they will pay to the State the said balance of \$14,629 77; but at present, if said amount was insisted upon, it would cripple and very much injure the future prospects of said bank. The present Board consists of William Darling, Esq., Hon. William Addams, Elijah Dechert, Henry Flannery, Esq., John Beitenman, Esq., Joseph H. Spayd, Esq., and Henry Connard. Trusting that the foregoing explanation will prove satisfactory,

I subscribe myself,

Yours very respectfully,

ELIJAH DECHERT,
President.

No. 149.

Communication from the Canal Commissioners, in reply to a Resolution of the House, asking information in relation to certain moneys in the Berks County Bank, deposited there to the credit of the Commonwealth.

READ—MARCH 27, 1841.

CANAL COMMISSIONERS' ROOM,
Harrisburg, March 26, 1841. }

Hon. WM. A. CRABB,

Speaker of the House of Representatives :

SIR:—In pursuance of a Resolution of the House of Representatives, passed on the 22d inst., requesting the Canal Commissioners to communicate to the House "all the circumstances under which the sum of sixty thousand dollars was drawn from the Berks County Bank, and applied to the purchase of locomotive engines—stating whether said purchase and expenditure has been embraced or taken into account in any report made to the House; and also, how the said sum of sixty thousand dollars was drawn from the amount lying to the credit of the Treasurer of the Board of Canal Commissioners in said bank," the Board beg leave respectfully to state, that there must be some misapprehension on the part of the House of the facts relating to the subject. In the first place, the Canal Commissioners have never drawn the sum of sixty thousand dollars from the Berks County Bank, nor any part of it, nor have they in any way interfered with the duties of the Treasurer of the Board of Canal Commissioners, upon whose draft alone all money appropriated to the public works is drawn from the bank wherever it may be deposited.

In November last, the Board received a communication from D. H. Dotterer & Co., of Reading, proposing to furnish such locomotives as might be required for the public service, at the usual price, and to receive in payment therefor the drafts of the Treasurer on the Berks County Bank, if the Government could not otherwise dispose of her funds deposited with that institution. By the first section of the Act of the 15th of April, 1834, "the Canal Commissioners are authorized, if they deem it expedient for the public interests, to procure such locomotive engines and tenders for the conveyance of passengers and merchandize, as may be necessary for doing the whole or any part of the transportation on the railroads belonging to the Commonwealth."

In pursuance of this authority, the following proceedings were had by the Canal Commissioners on the 7th of November last:

Extract from the Minutes of the Board.

"HARRISBURG, Saturday, Nov. 7, 1840.

"The President laid before the Board a communication from the State Treasurer, certifying that the Berks County Bank still stands indebted to the Commonwealth on account of the late loan, nearly seventy-five thousand dollars, which sum is not available by reason of the inability of said bank to meet its engagements: and also a communication from D. H. Dotterer & Co., proposing to furnish locomotive engines of the first class at the same price that similar engines can be procured in Philadelphia, and to receive in payment therefor drafts on the said Berks County Bank, or the bills of said institution at par, at the option of the Government—together with letters from the superintendents of motive power on the Pennsylvania railroad, stating that several engines were required to properly transact the business on the said railroads.

"Which were read and considered,

"Whereupon, on motion, it was

"*Resolved*, That the superintendent of motive power on the Columbia and Philadelphia railroad be directed to enter into contract with D. H. Dotterer & Co., of Reading, for four new locomotive engines of the first class, with the necessary fixtures complete, conditioned for the payment of seven thousand five hundred dollars for each, in drafts on the Berks County Bank, or the bills of said institution at par, at the option of the Treasurer of the Board of Canal Commissioners.

"*Resolved*, That the superintendent of motive power on the Portage railroad be directed to enter into contract with D. H. Dotterer & Co., of Reading, for four new locomotive engines of the first class, with the necessary fixtures complete, conditioned for the payment of seven thousand five hundred dollars for each, in drafts on the Berks County Bank, or in the bills of the said institution at par, at the option of the Treasurer of the Board of Canal Commissioners."

The foregoing is the only action that the Canal Commissioners have had on this subject, by which it will at once be seen that they have done no more than enter into a contract for locomotives, in pursuance of the Act of Assembly—the contractor binding himself to receive in payment at par, a part of the uncurrent funds lying in the Treasury, if the Commonwealth could not sooner dispose of them on terms equally advantageous.

This course was deemed a measure of prudence, inasmuch as it furnished additional security to the State for a portion of her funds, which at the time was deemed in jeopardy by the public, as well as the officers of Government. It could do no harm, because if those funds could be made available sooner, there was nothing in our action to prevent it, nor could there be, because we had no such authority.

The entire balance of the loan taken by the Berks County Bank, which was unavailable during the past year, so far as this Board are informed on the subject, remains on deposit in that institution, subject as heretofore to the draft of the State Treasurer, who is *ex-officio* Treasurer of the Board of Canal Commissioners. If it is not yet available, the fault is not chargeable upon us. The only tendency of our action upon the subject, being to multiply the chances of bringing about that result.

I have the honor to be,

Very respectfully,

Your obedient servant,

EDW. B. HUBLEY,
President.